

**New Hampshire Racing & Charitable Gaming Commission**  
**Commission Meeting**  
**Concord Office**  
**June 29, 2009**  
**09-10**

Present: Timothy J. Connors, Chairman  
Warren W. Leary, Secretary  
Michael J. Gatsas, Member  
Lynn M. Presby, Member  
Anthony B. Urban, Member  
Bernard A. Streeter, Member  
Paul M. Kelley, Director  
Sudhir K. Naik, Deputy Director  
Steve Johnston, Supervisor Gaming Operations  
William Dewhurst, Sr. Auditor  
Linda Glaser, Auditor  
Shawn Graham, Auditor  
Linda Darrow, Administrative Secretary

In Attendance: Edward Callahan, George Roberts, Karen Keelan, Rick Newman, Nancy Johnson and others.

The Chairman called the meeting to order at 11:00 a.m.

On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to approve and place on file the Commission minutes dated June 16, 2009.

On a motion by Commissioner Leary, seconded by Commissioner Streeter and unanimously voted to accept and place on file the racing & charitable gaming statistics for the fiscal period ending June 23, 2009.

The Games of Chance late financials spreadsheet was reviewed. Deputy Director Naik stated all late financials had been received. On a motion by Commissioner Urban, seconded by Commissioner Streeter and unanimously voted to accept and place them on file.

The Games of Chance State Revenue spreadsheets were reviewed. On a motion by Commissioner Streeter, seconded by Commissioner Leary and unanimously voted to accept and place the spreadsheets on file.

A copy of the positive test result letter from the University of Florida was included in the agenda packet as an fyi item.

A copy of the Harness Notice of Suspensions and Fines spreadsheet was included in the agenda packet as an fyi item.

On a motion by Commissioner Presby, seconded by Commissioner Streeter and unanimously voted to approve, pending the Governor signing HB2 into law, Seabrook's request not to hold live racing in 2009.

On a motion by Commissioner Presby, seconded by Commissioner Streeter and unanimously voted to approve, pending the Governor signing HB2 into law, Belmont's request not to hold live racing in 2009.

Discussion ensued pertaining to repercussions that may result due to the tracks not running live this year:

- Approximately 50 employees will either not be called back to work or laid off from the tracks and the agency.
- The tracks will be maintained and will seek to schedule events to bring people in.
- The legislature could request the agency forfeit funds originally budgeted for live racing. Commissioner Gatsas asked Director Kelley to have a rebuttal letter ready because the agency would need funds to regulate live racing at Rockingham.

Director Kelley led the discussion on HB2 and the sections of the bill that will have an impact on the agency:

- The Legal Coordinator position may not be released due to the hiring freeze
- Employees may be asked to take 2 furlough days off per month
- The recycling program is suspended
- The possible consolidation of boards and commissions
- No live racing option given to the tracks
- 10% tax on gambling winnings

Discussion ensued around the 10% tax on gambling winnings. Director Kelley provided a list of 20 questions that Sr. Auditor William Dewhurst raised as a result of reading the section of HB2 pertaining to the tax. All agreed that the language is vague and further clarification is needed. Mr. Callahan informed the Commission that Amtote will need 60 days to program the system to automatically deduct the tax. In the meantime, the process will have to be done manually by staff. It was noted that the charities will also be negatively affected by this tax.

Commissioner Gatsas asked representatives from the industry what effect the 10% gambling tax would have on their business. All agreed that in the worst case scenario approximately 75% to 100% of the employees will lose their jobs

Because the Department of Revenue will be implementing the tax and Racing and Charitable Gaming responsible for collecting the tax, the following motions were made:

On a motion by Commissioner Presby, seconded by Commissioner Gatsas and unanimously voted to contact the Department of Revenue and request a meeting to be scheduled as soon as possible to discuss the implementation, and the policies and procedures in place, for collecting this tax; that this meeting will include representatives from Department of Revenue Administration, Attorney General's Office, Lottery Commission and Racing & Charitable Gaming Commission.

On a motion by Commissioner Presby, seconded by Commissioner Gatsas and unanimously voted to send a letter to the Department of Revenue stating that in order to comply with the provision of HB2 to collect the 10% tax on gambling winnings, specific guidelines on how to proceed and answers to the 20 questions raised by Sr. Auditor Dewhurst are needed.

Correspondence was reviewed.

Under New Business:

- Director Kelley shared Mr. Callahan's letter addressed to the agency informing them of the termination of the relationship and verbal agreement between Granite State Poker and Rockingham Venture.
- Director Kelley provided a copy of a letter from the law office of Patrick E Donovan (Granite State Poker counsel) to Attorney Powell of Divine Millimet (Rockingham Venture counsel) responding to the termination of the relationship.
- Director Kelley provided a copy of a letter from the law office of Patrick E Donovan addressed to Director Kelley requesting the Commission take action concerning the termination. (No action taken).
- Director Kelley provided an account wagering balance summary which showed all tracks to be in compliance.

On a motion by Commissioner Urban, seconded by Commissioner Leary and unanimously voted to accept the handouts and place them on file.

At 12:15 p.m., on a motion by Commissioner Urban, seconded by Commissioner Presby and by a unanimous roll call vote the Commission voted to adjourn the regular meeting, and go into non-public session.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	Yes
Urban	-	Yes
Presby	-	Yes
Streeter	-	Yes

At 12:55 p.m., on a motion by Commissioner Leary seconded by Commissioner Streeter and by a unanimous roll call vote the Commission voted to come out of the non-public session and to permanently seal the non-public minutes.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	Yes
Urban	-	Yes
Presby	-	Yes
Streeter	-	Yes

The next Commission meeting was scheduled for Monday, July 20<sup>th</sup> at 10:00 a.m. in Concord.

The Chairman closed the public meeting at 1:00 p.m.

Respectfully Submitted,

Warren W. Leary  
Secretary